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THIS PROSPECTUS IS DATED FEBRUARY 1, 1970

KILLARNEY OIL AND GAS DEVELOPMENT COMPANY LIMITED

(A Company incorporated under the laws of the Province of New Brunswick)

358 KING STREET

FREDERICTON, NEW BRUNSWICK

NEW ISSUE

<u>Minimum Price to Company</u>	<u>Commission Payable</u>	<u>Minimum Proceeds</u>	<u>New Share Offering</u>
15¢	Maximum 25%	\$75,000	500,000

Orders accompanied by payment must be received during the 90-day period following the date the Company receives advice that this prospectus is accepted for filing by the Ontario Securities Commission for at least 200,000 shares to net the Company \$30,000. Proceeds for shares sold during the aforementioned 90-day period will be held in trust for the Company for return, without deduction, to subscribers of at least 200,000 shares which are not sold during such period.

There is an over the counter market for the Company's shares which has ranged from 16¢ to 27¢ in Fredericton, New Brunswick since November, 1969. It is therefore impractical at this time to state the price to the public of the shares offered hereby. However, the maximum offering prices to the public will be such as are permitted by the Regulatory Bodies in the jurisdiction where the shares are offered for sale.

SECONDARY OFFERING

There is a secondary offering of an additional 244,000 shares in the capital stock of the Company or that part thereof which remains unsold. These shares were purchased by Wilfred Thomas McKillop, the President of the Company, at 10¢ per share as part of this offering when the same was qualified in New Brunswick. The proceeds of the secondary offering will accrue to the selling shareholder and not to the treasury of the Company. The secondary offering will not come into effect until all the shares offered hereby are sold or this offering is abandoned by the Company. All shares will be offered for sale through the medium of registered dealers.

THESE SECURITIES ARE SPECULATIVE


PURPOSE OF OFFERING

The purpose of the issue is to provide the Company with additional funds to continue its exploration program recommended by its Consulting Geologist relating to its oil leases and mining claims in the Marysville area of the Province of New Brunswick as set out under the head "Marysville Leases" which has already commenced and currently a hole has been drilled in excess of 1,000 feet.

No Securities Commission, or similar authority in Canada, has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

The Company acts as its own registrar and transfer agent.

The date of this Prospectus is February 1, 1970.



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THE COMPANY

Killarney Oil and Gas Development Company Ltd., (hereinafter called the "Company") was incorporated under the New Brunswick Companies Act on July 26, 1956. The Company was incorporated principally for the purpose of searching for oil and natural gas in the southeastern portion of York County in the Province of New Brunswick in an area where undocumented reports of oil seepages have been reported for a number of years.

MARYSVILLE LEASES

At the present time the Company holds exclusive licenses, Numbered 66-958A, 66-958B, 66-958C issued pursuant to section 3 of the Oil and Natural Gas Act, R.S.N.B. 1952, c. 162, as amended, to search for and mine oil and natural gas in an area of approximately 30,000 acres in the southeastern portion of York County in the Province of New Brunswick adjacent to the Town of Marysville and the City of Fredericton. The Company has also staked 51 mining claims covering part of the lands covered by the above-mentioned oil leases approximately three miles north of Marysville, being claims Nos. 228336 to 228341 inclusive and 229636 to 229675 inclusive and 229721 to 229725 inclusive. The licenses are valid for a term of two (2) years from March 1, 1969, but can be cancelled earlier for cause. The licenses are renewable for a maximum of three (3) subsequent terms of one (1) year upon annual submission of work reports and a work program to the satisfaction of the minister of Natural Resources. Provision is made in the Oil and Natural Gas Act for the granting of a lease for a term not exceeding ninety-nine (99) years when, under the circumstances therein mentioned, the holder of a license has discovered and opened up an oil or natural gas well.

The directors of the Company have decided to implement the recommendations made by C. Ernest Kemp, B.S., consulting geologist, in his reports to the Company dated March 24, 1970, April 21, 1969, July 31, 1969 and December 31, 1969. These reports are available for inspection in the files of the Ontario Securities Commission, 555 Yonge Street, Toronto, Ontario. The following three sub-headings are a summary of the conclusions and recommendations contained in these reports:

OIL AND GAS POTENTIAL

Careful evaluation of the information available about the area appears to warrant considering further exploration. The reports of oil seeps seem to be genuine, though further and careful checking is necessary. If these are genuine, and there is at present no reason to believe that they are not, a source for the oil must occur below the Pennsylvanian. There is not the slightest indication of petroliferous horizons in the rock found in the drill core from Marysville, or in any of the outcrops of Pennsylvanian, and the source for the oil must therefore be in the underlying formations. As the Mississippian contains oil shales in the Moncton Basin, it is reasonable to assume its presence underlying the exposed rocks of the Fredericton Basin. The seeps can then be explained by leaking along fractures through the overlying strata, and the presence of known faults which trend northeasterly and cut through the Pennsylvanian improves this possibility.

In the Moncton Basin an unconformity is reported between the Mississippian rocks and the overlying formations, a condition which may be duplicated in the deeper parts of the Fredericton Basin, although this has been questioned. However, if such an unconformity should exist, a possible structural trap is a good possibility. Other types of structural traps are, of course, also possible.

The potential for a modest oil production from the Fredericton Basin is good, and further exploration is definitely warranted.

COAL POTENTIAL

On February 28, 1970, while drilling for oil in the well named Kiillarney #3(5), coal was discovered at a depth of 1035'. The coal is reported to have persisted to 1063', for a total of 28'. As this was a churn drill it was very difficult to be sure of this total, or how much of it was interbedded coal and shales or other rock. The drillers, who are experienced personnel from New Brunswick Oil Fields, Ltd., stated that 20' seemed to be fairly certain and that 8' of solid coal was a conservative estimate.

The samples brought up in the bailer showed a compact, bedded, very light weight coal which has the appearance of anthracite. An unofficial assay of one piece indicates a possible B.T.U. value in excess of 13000 B.T.U.'s per pound. More complete analyses will be made when more representative samples are available, but cursory examinations indicate a high grade bituminous rank. The coal has a well developed cleavage across the beds and the overlying rock is a schistose rock in which the foliation is completely jumbled with no particular persistent orientation of the foliation and with a mineral grain size less than 0.5 mm. and the schistose surfaces less than 2 cm. in most cases.

The occurrence of coal of this thickness was unexpected, but not surprising. All geological conditions are favorable and any ideas as to the reasons for the unexpected thickness are idle speculations at this point until diamond drilling gives some clue to bedding attitude, actual uninterrupted thicknesses and several holes will be necessary to establish the possible extent.

URANIUM POTENTIAL

The current interest in the uranium potential of the black shales makes the possibility of uranium occurrences in the rocks underlying the Pennsylvanian attractive.

PROGRAM AND COSTS ESTIMATES

Mr. Kemp has recommended a three-phase program for oil and gas exploration in his report dated March 24, 1970, the first stage consists of completing the hole presently being drilled costing approximately \$15,000 to \$20,000. In that report he also recommends a two-phase program for coal exploration, the first of which would cost approximately \$8,000.

The Company has entered into a contract with New Brunswick Oil Fields Limited for the drilling of oil at the rate of \$250 per day for equipment rental and the drill foreman. The remainder of the drilling staff is paid by the Company. The Company has provided the service of Mr. Ross Loring to the drilling contractor as foreman, and as a result the Company receives a rebate of \$50 per day on the equipment rental.

USE OF PROCEEDS

The minimum amount to be received by the Company from the sale of the securities offered herein will be \$30,000 and if all the securities are sold a total of not less than \$75,000 will be received by the Company. The Company has also recently qualified in New Brunswick and sold 500,000 shares in the capital stock of the Company at 10¢ per share for a total of \$50,000 to Wilfred Thomas McKillop, the President of the Company.

The costs of this offering will be paid out of the proceeds received by the Company as incurred. Initial expenses are estimated at \$5,000 and further expenses will be incurred as the acceptance of this offering makes necessary. It is estimated that the total amount to be expended will not exceed \$15,000 if the entire 500,000 shares offered hereby are sold.

The balance of the proceeds received by the Company will be used to carry out the proposed exploration programs on the Marysville leases as recommended by C. Ernest Kemp, Consulting Geologist. Any excess monies available after the work program on the Marysville leases has been completed or abandoned will be used for acquiring, staking, exploring other properties and/or leases, either alone or in concert with others and to generally carry out exploration programs as opportunities and finances permit. Monies will not be expended on any new properties acquired without an amendment to this prospectus being accepted for filing if the securities of the Company are then in the course of primary distribution to the public.

PLAN OF DISTRIBUTION

The Company will offer through the medium of registered dealers to sell to the public 500,000 shares at a minimum net price to the Company of 15¢ per share to net a minimum of \$75,000, providing that all the shares offered hereby are sold upon the following conditions:

1. That a minimum of 200,000 shares offered hereby are sold to the Company to net the Company a minimum of \$30,000 after the payment of all commissions to the registered security dealers and the cost to the Company of this offering (excluding legal costs);
2. That the Company will net a minimum of 60% of the selling price to the public of any shares sold but not less than 15¢ per share after the deduction of the above-mentioned commissions and costs of this offering above mentioned;
3. Proceeds from the sale of the first 200,000 shares must be received within a 90-day period following the effective date to net the Company a minimum of \$30,000. The effective date is the date upon which the Company receives advice that this prospectus is accepted for filing by the Ontario Securities Commission and a receipt is given therefore;
4. All payments for subscriptions or shares during the aforementioned 90-day period following the effective date will be held in trust by the Company bankers for subscribers subject to repayment without reduction at the expiry of the 90-day period in the event at least 200,000 shares have not been sold and paid for within the 90-day period.

CAPITALIZATION

Designation of Security	Authorized by Letters Patent	Amount Outstanding at date of Balance Sheet herein contained	Amount Outstanding as of the date of this Prospectus	Amount Outstanding if Minimum Number of Shares sold
Common shares with a par value of 10¢ each	3,000,000	1,267,155 (2)	1,267,155	1,467,155 (1)

- (1) This figure assumes the sale of 200,000 shares, being the minimum amount in order to enable the Company to receive any proceeds from the sale of shares (see caption in "Plan of Distribution"). If additional shares are sold, this figure will correspondingly increase.
- (2) All of which have been issued for cash from time to time since the incorporation of the Company.

DESCRIPTION OF STOCK

The capital of the Company is comprised of shares of one class only, namely common shares. All shares issued by the Company rank equally as to dividends and voting power, each share carrying one vote. There are no indentures or agreements limiting the payment of dividends. At all special or annual meetings of the Company, two shareholders personally present constitute a quorum, and at such meetings resolutions may be voted upon by a show of hands unless a poll is demanded by a shareholder. On a poll every shareholder voting exercises 1 vote for each share held by him. In each case, in the event of tie vote, the chairman has a second or casting vote enabling him to decide the issue. There are no conversion, preemption, liquidation rights or other special privileges or provisions whatsoever attached to any shares of the Company. All shares are fully paid and nonassessable, and are therefore not subject to roll or assessment of any kind.

PURCHASER'S RIGHTS OF WITHDRAWAL AND RESCISSION

The Securities Act, 1966, as amended, provides for certain rights of withdrawal and rescission, a brief statement which follows. Reference is made to Section 63 and 64 of The Securities Act, 1966 as amended, for full particulars.

- A. **RIGHT OF WITHDRAWAL:** An agreement to purchase and sale covering any of the shares hereby offered is not binding upon the purchaser if the Company from whom the purchaser buys the same, receives written or telegraphic notice evidencing intention of the purchaser not to be bound by the agreement, not later than midnight of the second day (exclusive of Saturdays, Sundays, and holidays) after receipt of the prospectus of the Company or amended prospectus, providing that the purchaser has not sold or transferred the said shares prior to the expiration of the said two-day period.
- B. **RIGHT OF RESCISSION:** A purchaser of any of the shares hereby offered has a right to rescind his contract to purchase while he is still the owner of the said shares if the prospectus of the said company or any amended prospectus received by the purchaser, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary to make any statement contained herein not misleading, providing, however, the right of rescission shall not apply:
 1. If the untruth or fact of omission was unknown to the company and could not have been known in the exercise of reasonable diligence;
 2. If such statement or omission is disclosed in an amended prospectus, and same has been received by the purchasers;
 3. If the purchaser knew the untruth of the statement or knew of the omission at the time of the purchase.

Receipt of a prospectus or an amended prospectus by a party who is acting as agent or who thereafter commences to act as agent for the purchaser, shall be receipt by the purchaser. No action shall be commenced after the expiration of 90 days from the last to occur of the receipt of the prospectus or the date of the contract.

THE COMPANY, ITS HISTORY AND MANAGEMENT

- A. **THE COMPANY:** Killarney Oil and Gas Development Company Limited (referred to throughout this prospectus as "the Company") has its head office in Fredericton, New Brunswick, and whose mailing address

is 358 King Street, Fredericton, New Brunswick. The Company was incorporated under the laws of the Province of New Brunswick by Letters Patent dated July 26, 1956. By Supplementary Letters Patent dated January 27, 1961, the aggregate consideration for which the shares of the Company could be issued was increased from \$50,000 to \$300,000 and the number of authorized common shares was increased from 50,000 such shares with a par value of 10¢ each, and each original common share having a par value of \$1.00 each was replaced with 10 new shares with a par value of 10¢ each.

The Marysville property are the only leases or property which this Company has acquired or explored in any way, excepting other properties since abandoned all of which were Crown oil leases which were acquired at cost.

B. MANAGEMENT: The following are particulars of the present management of the Company and the occupations for the last five years:

PRESIDENT AND DIRECTOR: Wilfred Thomas McKillop, 50 Gravelle Street, Sault Ste. Marie, Ontario, who had been the President of Canadian Auto Brokers, Sault Ste. Marie, for the past five years.

VICE-PRESIDENT AND DIRECTOR: John Watt, 293 Canada Avenue, Maryville, New Brunswick, who, for the past five years, has been the manager of Thistle Dairy Limited, Fredericton, New Brunswick.

SECRETARY-TREASURER AND GENERAL MANAGER: Ross Ogilvie Loring, 98 Canterbury Drive, Fredericton, New Brunswick, who has been the General Manager of the company since September, 1969, and prior to that he was an investment dealer with R. A. Lambert & Company Limited, Fredericton, New Brunswick, and the Manager of the Silverwood Motel Company Limited, Fredericton, New Brunswick.

DIRECTOR: Albert Douglas Neill, 295 Neil Street, Fredericton, New Brunswick, who has been self-employed as a farmer for the past five years and recently retired.

DIRESTOR: Duncan Cowan MacLean, 191 Kohler Street, Sault Ste. Marie, Ontario, who has been employed by the President of the Company, Wiilfred Thomas McKillop, as manager for car sales for the past five years.

DIRECTOR: Carmen Muio, 290 Lake Street, Sault Ste. Marie, Ontario, who has been self-employed as a restaurateur for more than the last five years.

DIRECTOR: Edison Pinder, 29 Grandview Street, Sault Ste. Marie, Ontario, who has been a commissioned salesman selling sawmill and iron-working machinery for the past five years.

Mr. C. Ernest Kemp has been retained by the Company as consulting geologist and to supervise and to evaluate the exploration program. Mr. J. Reginald Flanagan of Edmonton, Alberta has been engaged in a consulting capacity to provide technical and practical knowledge on drilling and production technique. Together they will advise the Board of Directors on mining and technical information.

PRINCIPAL HOLDERS OF SHARES

Name and Address	Designation of Class	Type of Ownership	Number of Shares	Percentage of Shares
Wilfred Thomas McKillop 50 Gravelle Street Sault Ste. Marie, Ontario	Common	Beneficial and of Record	244,000	19.3%

No other shareholder owns more than 10% of the outstanding stock of the Company.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The Company intends to pay Directors' fees at the rate of \$50.00 for each meeting attended. Mr. Ross Ogilvie Loring, the General Manager and Secretary-Treasurer of the Company, receives a salary of \$750.00 a month. Mr. Ross Ogilvie Loring, besides his duties as Secretary-Treasurer of the Company, is the Drill Site Manager and the Transfer Agent for the Company on a full-time basis. New Brunswick Oil Fields is also giving the Company a rebate of \$50.00 per day on the drilling contract as the Company is providing Mr. Loring's services as drill foreman. Mr. Loring acted in this capacity with the Company during the drilling program carried out in 1961 and prior to that he had drilling experience with Concrete Products Newfoundland and prior to that he had engineering experience as Maritime Resident Engineer for the Federal Government and with the Canadian Army. No director or senior officer receives any other salary or remuneration of any kind.

MATERIAL CONTRACTS

The only material contracts to which the Company is a party are (1) the drilling contract dated October 28, 1969, between the Company and New Brunswick Oil Fields Limited providing for drilling of the Marysville leases and (2) the oil leases dated March 1, 1969 from the Province of New Brunswick.

PROMOTER

The promoter of the Company, as the termed "Promoter" is defined in The Securities Act, 1966, as amended, is Wilfred Thomas McKillop, 50 Gravelle Street, Sault Ste. Marie, Ontario, who took the initiative in reactivating and reorganizing the Company.

AUDITORS

The Auditors of the Company are Messrs. H. R. Doane & Company, Chartered Accountants, 404 Queen Street, Fredericton, New Brunswick.

PRIOR SALES

The Company has sold the following shares for cash during the twelve months immediately preceding the date of this prospectus:

Number of Shares	Price per Share	Consideration
250,000	5¢ to 6¢	\$13,009
550,000	10¢	\$55,000
47,500	20¢	\$ 9,500

OTHER MATERIAL FACTS

The Company has not issued any bonds or debentures, nor is it presently proposed to issue any such securities.

No dividends have been paid by the Company. There is no pending litigation against the Company, and none is anticipated. There are no other material facts.

There is no underground or surface equipment on the property with the exception of the drill used in the present exploration program.

AUDITORS' REPORT

To the Shareholders

We were appointed auditors of Killarney Oil and Gas Development Company Limited by a resolution of the Board of Directors dated May 20, 1969 to perform an audit for the fiscal year ending December 31, 1969.

In a letter dated November 12, 1969 the Secretary-Treasurer of the Company stated:

1. The Company was incorporated under the Companies Act of the Province of New Brunswick on July 26, 1956.
2. The last audited financial statement of the Company covered the five-month period ended May 31, 1961.
3. The late Mr. E. J. Day, Chartered Accountant, was the auditor of the Company and had signed the auditors' report attached to the financial statements for the five-month period ended May 31, 1961.
4. With the exception of the issue of capital stock from time to time for cash required to defray obligations incurred for prior development costs, the Company has been inactive from May 31, 1961 to February 3, 1969.
5. No records of these transactions exist due to a fire on January 22, 1968 which destroyed a commercial building in Fredericton in which the books and records of the company were kept.
6. The general ledger account for capital stock issued had to be adjusted by the sum of \$13,871.50 in 1969 to reflect the par value of the shares that were issued and outstanding at February 4, 1969.

We have examined the balance sheet of the Company as at December 31, 1969 and the statements of deferred organizational, administrative and development expenditures and source and application of funds from the date of reactivation of the Company (February 4, 1969) to December 31, 1969. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances except, for reasons previously noted, we were unable to verify the opening balances as at February 4, 1969.

Our verification procedures were sufficient to satisfy ourselves that the records from February 4, 1969 to December 31, 1969 present fairly the operations of the Company for that period. However, for the reasons mentioned above, we are unable to express an opinion on the Company's balance sheet as at December 31, 1969.

Fredericton, N.B.
February 13, 1970.

H. R. DOANE AND COMPANY
CHARTERED ACCOUNTANTS

KILLARNEY OIL AND GAS DEVELOPMENT COMPANY LIMITED

(NO PERSONAL LIABILITY)

BALANCE SHEET DECEMBER 31, 1969

ASSETS

Current

Cash	\$ 6,154	
Accounts receivable	3,300	
Prepaid expenses	4,000	\$ 13,454
		<hr/>
Leases and drilling rights and privileges on 300,000 acres in York County, N.B.		1,620
Deferred expenditures		
Organizational, administrative and development costs incurred in 1969		40,326
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		\$ 55,400
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LIABILITIES

Current

Accounts payable	\$ 2,248
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SHAREHOLDERS' EQUITY

Capital stock

Authorized		
3,000,000 shares with a par value of 10¢ each		
Issued and outstanding		
1,267,155 shares	\$126,716	
Less: discount on sale of shares	7,241	\$119,475
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Deficit (note)	(66,323)	53,152
		<hr/>
		\$ 55,400
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On behalf of the Board:

Wilfred T. McKillop, Director

Carmen Muio, Director

The accompanying note forms part of this statement.

KILLARNEY OIL AND GAS DEVELOPMENT COMPANY LIMITED

(NO PERSONAL LIABILITY)

STATEMENT OF DEFERRED ORGANIZATIONAL, ADMINISTRATIVE AND DEVELOPMENT EXPENDITURES FROM THE DATE OF REACTIVATION (FEBRUARY 4, 1969) TO DECEMBER 31, 1969

Organization and administration

Accounting and office services	\$ 1,525	
General administration	5,480	
Legal and audit	4,953	
Postage	30	
Printing prospectuses	481	
Salaries	1,500	
Telephone	573	
Miscellaneous	405	\$ 14,947
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Development

Exploratory drilling	21,728	
Professional fees	3,621	
Licenses	89	25,438
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		40,385
Less: Interest income		59
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		\$ 40,326
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KILLARNEY OIL AND GAS DEVELOPMENT COMPANY LIMITED

(NO PERSONAL LIABILITY)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FROM THE DATE OF REACTIVATION (FEBRUARY 4, 1969) TO DECEMBER 31, 1969

Source of funds

Sale of capital stock	\$ 51,479
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Application of funds

Deferred organizational, administrative and development expenditures	40,326
Increase in working capital	\$ 11,153
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Working capital, December 31, 1969	\$ 11,206
Working capital, February 3, 1969	53
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Increase in working capital	\$ 11,153
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KILLARNEY OIL AND GAS DEVELOPMENT COMPANY LIMITED

(NO PERSONAL LIABILITY)

NOTE TO FINANCIAL STATEMENTS

DECEMBER 31, 1969

Accounting records from 1961 to 1968 inclusive are not available and therefore there is a gap in the financial information between May 31, 1961 and December 31, 1968. In order to reconcile the reconstructed accounting records with the capital stock records it was necessary to credit issued capital and charge preliminary expenses with \$13,871.50. This amount, together with all development costs incurred prior to 1969, has been charged to the deficit account.

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this prospectus by Part VII of the Securities Acts of Ontario and New Brunswick and the regulations thereunder.

Dated this 1st day of February, 1970.

Wilfred Thomas McKillop
President and Chief Executive Officer

Ross Ogilvie Loring
Secretary-Treasurer and Chief Financial Officer

John Watt
Director

A. Douglas Neill
Director

PROMOTER

Wilfred Thomas McKillop

